Cap Tables & Dilution

Business & Management

Who owns what, and what each round does to that.

New shares dilute every existing holder proportionally.

post-money = pre-money + investment · investor % = investment ÷ post-money

£1m on a £4m pre-money — **Investor gets 20%**

1 ÷ 5.

Founder at 60% before — **48% after**

60% × 80%.

Option pool — **Usually created pre-money**

Which dilutes founders, not investors.

THE COMMON MISTAKE

× Optimising for percentage held

✓ Optimising for the value of what you hold

10% of a company worth £100m beats 60% of one worth £2m. Dilution is a price, not a loss.

The option pool shuffle: creating the pool pre-money means founders bear all of it. It is negotiable, and often is not negotiated.